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INTERSTATE COMMERCE COMMISSION

EXECUTED IN 9 COUNTERPARTS OF
WHICH THIS IS COUNTERPART No. 7

LEASE OF EQUIPMENT

BETWEEN

GSCX SECOND EQUIPMENT CORPORATION

AND

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

Dated as of November 1, 1975.

LEASE OF EQUIPMENT, dated as of November 1, 1975, between GSCX SECOND EQUIPMENT CORPORATION, an Ohio corporation (hereinafter called the Lessor), and THE CLEVELAND ELECTRIC ILLUMINATING COMPANY, an Ohio corporation (hereinafter called the Lessee).

WHEREAS the Lessor has entered into an Equipment Trust and Security Agreement dated as of November 1, 1975 (hereinafter called the Equipment Trust Agreement), with Mellon Bank, N.A., as Trustee (hereinafter called the Trustee), under which the Lessor has agreed to sell, assign and transfer to the Trustee a security interest in all the units of railroad equipment (hereinafter called the Units) described in Annex A thereto and under which such security interest in the Units will be reserved to the Trustee until the Lessor fulfills all its obligations under the Equipment Trust Agreement;

WHEREAS the Lessee desires to lease from the Lessor all the Units as are delivered and accepted and settled for under the Equipment Trust Agreement on or prior to January 14, 1976, at the rentals and for the terms and upon the conditions hereinafter provided;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions, but subject and subordinate to all the rights and remedies of the Trustee under the Equipment Trust Agreement.

§ 1. Delivery and Acceptance of Units. The Lessor will cause each Unit accepted pursuant to the Equipment Trust Agreement to be tendered to the Lessee at such point or points as may be mutually acceptable to the Lessor and the Lessee. Immediately upon such tender, the Lessee will cause its authorized inspectors or representatives to inspect the same, and if such Unit is found to conform to the applicable specifications for each such Unit set forth in Annex A hereto, to accept delivery of such Unit and to execute and deliver to the Lessor a certificate of acceptance (hereinafter called a Certificate of Acceptance) certifying as to the actual date of acceptance of delivery by the Lessee and each such

Unit having been marked in accordance with § 4 hereof; whereupon, except as provided in the the next sentence hereof, such Unit shall be deemed to have been delivered to and accepted by the Lessee under this Lease and shall be subject thereafter to all the terms and conditions of this Lease and such Certificate of Acceptance shall be absolutely binding upon the Lessee. Any Unit or Units excluded from the Equipment Trust Agreement pursuant to Section 3.01 of the Equipment Trust Agreement shall likewise be excluded from this Lease.

§ 2. Rentals; Net Lease. The Lessee agrees to pay to the Lessor as rental for each Unit subject to this Lease 31 consecutive semiannual payments payable on each January 15 and July 15 of each year, commencing January 15, 1976. The first such semiannual payment shall be in an amount equal to .02726% of the Cost (as such term is defined in the Equipment Trust Agreement) of each Unit subject to this Lease for each day elapsed from and including the date of acceptance of such Unit by the Lessee pursuant to § 1 hereof to and including January 15, 1976, and the final 30 of which shall each be in an amount equal to 4.97571% of the Cost of each Unit subject to this Lease.

If any of the semiannual rental payment dates referred to above is not a business day, the semiannual rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, or Pittsburgh, Pennsylvania, are authorized or obligated to remain closed.

The Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease, including, but not limited to, the payments provided for in this § 2 and in § 6 hereof, at the principal office of the Trustee, for the account of the Lessor in care of the Trustee with instructions to the Trustee first, to apply such payments to satisfy the obligations of the Lessor under the Equipment Trust Agreement, and second, so long as no event of default or event which with the lapse of time and/or demand provided for in the Equipment Trust Agreement could constitute an Event of Default under the Equipment Trust Agreement shall have occurred and be continuing, to pay any balance promptly to the Lessor at such place as the Lessor shall specify in writing. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in Federal or other funds irrevocable and

immediately available to the Trustee by 11:00 a.m., local time, on the date when and in the place where such payment is due.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off against rent, including, but not limited to, abatements, reductions or set-offs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease or otherwise or against the Trustee; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use of or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against Lessee's use of all or any of the Units, the interference with such use by any private person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or lack of right, power or authority of the Lessor to enter into this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or by reason of any failure by the Lessor to perform any of its obligations herein contained, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the Lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

§ 3. Term of Lease. The term of this Lease as to each Unit shall begin upon acceptance thereof by the Lessee pursuant to § 1 hereof and, subject to the provisions of §§ 1, 6, 9 and 12 hereof, shall terminate on the date on which the final semiannual payment of rent in respect thereof is due hereunder.

§ 4. Identification Marks. The Lessee will cause each Unit to be kept numbered with the identifying number as set forth in Annex A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such Unit, in letters not less than one inch in height, the following words: "SECURITY INTEREST IN THIS CAR IS VESTED IN A TRUSTEE UNDER THE TERMS OF AN EQUIPMENT TRUST AGREEMENT FILED UNDER SECTION 20c OF THE INTERSTATE COMMERCE ACT," or other appropriate words designated by the Trustee, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor and the security interest of the Trustee in such Unit and the rights of the Lessor under this Lease and the Equipment Trust Agreement and of the Trustee under the Equipment Trust Agreement. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, defaced or destroyed. The Lessee will not change or permit the identifying number of any Unit to be changed unless and until (i) a statement of new identifying numbers to be substituted therefor shall have been filed with the Trustee and the Lessee by the Lessor and duly filed, recorded or deposited by the Lessor in all public offices where this Lease and the Equipment Trust Agreement shall have been filed, recorded or deposited and (ii) the Lessor shall have furnished the Trustee and the Lessee an opinion of counsel to such effect.

Except as above provided the Lessee will not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Units to be lettered with the names, initials or other insignia customarily used by the Lessee or its affiliates or any permitted sublessee on railroad equipment used by it of the same or similar type for convenience of identification of their right to use the Units.

§ 5. Taxes. All payments to be made by the Lessee hereunder will be free of expense (after giving effect to Federal, state and local income tax benefits accruing to the Lessor) to the Lessor for collection or other charges and will be free of expense (after giving effect to Federal, state and local income tax benefits accruing to the Lessor) to the Lessor with respect to the amount of any local, state, Federal, or foreign taxes, including, but not limited to, sales, use and personal property taxes (other than any United States Federal

gross receipts, income and excess profits taxes payable by the Lessor in consequence of the receipt of payments provided for herein and other than the aggregate of all state or local taxes measured by gross receipts or by net income based on receipt of such payment and all state and local excess profits taxes, up to the amount of any such taxes based on such receipts which would be payable to the state and locality in which the Lessor has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, assessments, charges, fines or penalties (all such expenses, taxes, including, but not limited to, sales, use and personal property taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions) hereafter levied or imposed upon the Lessor or the Lessee in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Equipment Trust Agreement, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof (except as provided above) or upon the earnings arising therefrom (except as provided above) or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of the Lessor or the interest of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal or administrative proceedings such impositions and the nonpayment thereof does not, in the reasonable opinion of the Lessor or its counsel, adversely affect the title, property or rights of the Lessor hereunder or the Trustee under the Equipment Trust Agreement. The Lessee agrees to give the Lessor notice of such contest within 30 days after institution thereof and the Lessor agrees to provide such information as may be reasonably requested by the Lessee in furtherance of such contest. If any impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor; provided, however, that where practicable, the Lessor shall have given the Lessee written notice of such imposition prior to such payment.

In the event that the Lessor shall become obligated

to make any payment to the Trustee or otherwise pursuant to any correlative provision of the Equipment Trust Agreement not covered by the foregoing paragraph of this § 5, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said provision.

In the event any reports or tax returns with respect to impositions are required to be made, the Lessor will either make such reports or tax returns in such manner as shall be satisfactory to the Lessee and the Trustee.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any imposition, pursuant to this § 5, such liability shall continue, notwithstanding the expiration of this Lease, until all such impositions are paid or reimbursed by the Lessee.

To the extent the Lessee may be prohibited by law from performing in its own name the duties required by this § 5, the Lessor hereby authorizes the Lessee to act in its own name and on its behalf; provided, however, that the Lessee shall indemnify and hold the Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to this authorization.

The Lessee shall, whenever reasonably requested by the Lessor, submit to the Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor of the Lessee's performance of its duties under this § 5. The Lessee shall also furnish promptly upon request such data as the Lessor reasonably may require to permit the Lessor's compliance with the requirements of taxing jurisdictions.

§ 6. Payment for Casualty Occurrences. In the event that any Unit shall be or become worn out, lost, stolen, destroyed or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government or by any other governmental entity resulting in the loss of possession by the Lessee for a period of 90 consecutive days (such occurrences being hereinafter called Casualty Occurrences) during the term of this

for a period which shall exceed the then remaining term of this Lease (which shall not include any renewal term hereof)

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Lease, or until such Unit shall have been returned to the Lessor in the manner provided in § 13 hereof, the Lessee shall promptly and fully notify the Lessor and the Trustee with respect thereto. On the rental payment date next succeeding a Casualty Occurrence with respect to any Unit (whether or not such notice shall have been given), the Lessee shall pay to the Lessor the accrued unpaid rental for such Unit pursuant to § 2 hereof to such rental payment date, whereupon such rental for such Unit shall cease to accrue as of such rental payment date. If the Lessee shall make any rental payment with respect to such Unit after such rental with respect thereto shall cease to accrue, the Lessee shall receive a credit therefor against any Casualty Value to be paid in respect of such Unit on any rental payment date occurring after the rental payment date next succeeding such Casualty Occurrence. On the rental payment date next succeeding such notice (or in the event such rental payment date shall occur within 15 days after such notice, at the option of the Lessee, on the following rental payment date) the Lessee shall pay to the Lessor a sum equal to the Casualty Value (as hereinafter defined) of such Unit as of the rental payment date next succeeding the date of such Casualty Occurrence as set forth in such notice, provided, however, that if the Lessee shall pay such Casualty Value on a date subsequent to the rental payment date next succeeding the date of the Casualty Occurrence, the Lessee shall pay interest on such Casualty Value at a rate per annum equal to 9-1/2% from the rental payment date next succeeding such Casualty Occurrence with respect to such Unit to the rental payment date on which such Casualty Value in respect thereto is paid. Upon the payments of such accrued rental and such Casualty Value in respect of any Unit, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of any sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit shall be that percentage of the Cost (as defined in the Equipment Trust Agreement) of such Unit as is set forth in the schedule attached hereto as Annex B opposite the applicable rental payment date for purposes of such determination as aforesaid.

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease and before such Unit shall have been returned in the manner provided in § 13 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be an amount equal to 20% of the Cost of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering such Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

Except as hereinabove in this § 6 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

§ 7. Reports. On or before March 1 in each year, commencing with the year 1976, the Lessee will furnish to the Lessor and the Trustee, in such number of counterparts or copies as may reasonably be requested, an accurate statement signed by an authorized officer, (i) showing, as of the preceding December 31, the amount, description and numbers of the Units then leased hereunder and the amount, description and numbers of all Units that may have suffered a Casualty Occurrence, whether by accident or otherwise, during the preceding calendar year (or since the date of this Lease in the case of the first such statement), and such other information regarding the condition and state of repair of the Units as the Lessor or the Trustee may reasonably request and (ii) stating that, in the case of all Units repaired or repainted during the period covered by such statement, the marking required by § 4 hereof and Section 4.06 of the Equipment Trust Agreement have been preserved or replaced.

The Lessee will deliver to the Trustee, the Lessor and the Purchasers (as defined in the Equipment Trust Agreement) (i) as soon as available and in any event within 120 days after the end of each fiscal year, a certificate signed

by the President, any Vice President, the Treasurer or any Assistant Treasurer of the Lessee stating that a review of the activities of the Lessee during such year has been made under his supervision with a view to determining whether the Lessee has kept, observed, performed and fulfilled all of its obligations under this Lease and that to the best of his knowledge the Lessee during such year has kept, observed, performed and fulfilled each and every covenant, obligation and condition contained herein and in this Lease, or if an Event of Default shall exist or if an event has occurred and is continuing which, with the giving of notice or the passage of time or both, would constitute an Event of Default, specifying such Event of Default and all such events and the nature and status thereof, (ii) as soon as available and to the extent available, and in any event within 60 days after the end of the first, second and third quarterly accounting periods in each fiscal year of the Lessee copies of the consolidated balance sheet of the Lessee as of the end of such accounting period and copies of the related consolidated statements of income and retained earnings of the Lessee for the portion of its fiscal year, the twelve months' period, or the three months' period ended with the last day of such quarterly accounting period, all in reasonable detail and stating in comparative form the figures for the corresponding date and period in the previous fiscal year, (iii) as soon as available, and in any event within 120 days after the end of each fiscal year, copies, in comparative form with the preceding fiscal year, of the balance sheet of the Lessee as at the end of such fiscal year, and of the statements of income and retained earnings of the Lessee for such fiscal year, all in reasonable detail and stating in comparative form the consolidated figures as of the end of and for the previous fiscal year, and accompanied by an opinion as to such financial statements by the Lessee's independent accountants; (iv) as soon as available, a copy of any annual or quarterly report which is required to be filed by the Lessee by the provisions of the Securities Exchange Act of 1934 and the rules promulgated thereunder; and (v) upon request of the Lessor, the Trustee or the Purchasers, such additional information reasonably necessary to verify the accuracy of all information furnished.

§ 8. Disclaimer of Warranties; Compliance With Laws and Rules; Maintenance; Indemnification; and Insurance.
 THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, OR AS TO THE SUITABILITY, ADEQUACY,

OPERATION, USE OR PERFORMANCE OF THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO ITS TITLE TO THE UNITS OR ANY COMPONENT THEREOF OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee as their interests may appear, whatever claims and rights the Lessor may have against the manufacturer of the Units or of the components thereof. Lessor shall have no responsibility or liability under this Lease to Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipatory profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's acceptance of delivery of the Units shall be conclusive evidence as among the Lessee, the Lessor and the Trustee, that all Units described in a Certificate of Acceptance are in all the foregoing respects satisfactory to the Lessee and the Lessee will not assert any claim of any nature whatsoever against the Lessor or the Trustee based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Trustee, to comply in all respects (including, without limitation with respect to the use, maintenance and operation of each Unit) with all applicable laws of the jurisdictions in which its operations involving any Unit subject to this Lease may extend, with the Interchange Rules of the Association of American Railroads, if applicable, and with all lawful rules of the Interstate Commerce Commission, the Department of Transportation and any other legislative, executive, administrative or judicial body or officer exercising any power or jurisdiction over any such Unit, to the extent such laws and rules affect the title, operations or use of such Unit; and the Lessee shall and does hereby

indemnify the Lessor and the Trustee and agrees to hold the Lessor and the Trustee harmless from and against any and all liability that may arise from any infringement or violation of any such laws or rules by the Company or the Lessee, or their employees, or any other person. In the event that, prior to the expiration of this Lease or any renewal thereof, such laws or rules require any alteration, replacement, addition or modification of or to any part of any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Trustee, adversely affect the property or rights of the Lessor or the Trustee hereunder or under the Equipment Trust Agreement.

The Lessee agrees that, at its own cost and expense, it will be responsible for ordinary maintenance and repairs required to maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition, ordinary wear and tear excepted.

The Lessee, at its own cost and expense, may make such additions, modifications and improvements to the Units during the term of this Lease as are readily removable without causing material damage to the Units. The additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee, except to the extent such additions, modifications or improvements are made in order to comply with the preceding paragraph or the next succeeding paragraph.

Any and all parts installed on and additions and replacements made to any Unit (i) which are not readily removable without causing material damage to such Unit, (ii) the cost of which is included in the Cost (as defined in the Equipment Trust Agreement) of such Unit or (iii) which are required for the operation or use of such Unit by the Interstate Commerce Commission, the Department of Transportation or any other applicable regulatory body, shall constitute accessions to such Unit and full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by the Equipment Trust Agreement) shall immediately be vested in the Lessor and the Trustee as their respective interests may appear in the Unit itself.

The Lessee agrees to indemnify, protect and hold harmless the Lessor and the Trustee from and against all losses, damages, injuries, liabilities, claims and demands

whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, reasonable counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of (i) entering into or the performance of or the occurrence of an Event of Default under the Equipment Trust Agreement or this Lease, (ii) the ownership of any Unit, (iii) the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Unit, (iv) any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in § 13 of this Lease or (v) the transfer of title to the Units by the Trustee pursuant to any provision of the Equipment Trust Agreement. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the expiration or termination of the term of this Lease.

The Lessor agrees to prepare and file any and all reports required to be filed with any Federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units, the security interest of the Trustee in the Units or the leasing of the Units to the Lessee.

§ 9. Default. If, during the continuance of this Lease, one or more of the following events (hereinafter sometimes called Events of Default) shall occur:

A. default shall be made in the payment of any part of the rental provided in §§ 2, 6 or 12 hereof (other than any payment arising out of any adjustment of rental required by the provisions of § 17 hereof) and such default shall continue for five days; or

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease or any unauthorized sublease or use of the Units, or any thereof; or

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue (and the Lessee shall not make effective provisions for curing such default) for 30 days after written notice from the Lessor or the Trustee to the Lessee specifying

the default and demanding that the same be remedied;
or

D. any proceedings shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder), unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such effectiveness shall continue), and all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case, the Lessor, at its option, may:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all right of the Lessee to the use of the Units shall absolutely cease and determine as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever;

but the Lessor shall, nevertheless, have the right to recover from the Lessee any and all amounts which under the terms of this Lease may then be due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period), and also to recover forthwith from the Lessee as liquidated damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum, with respect to each Unit, equal to (A) the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rental which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 9-1/2% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated plus (B) an amount which, after deduction of all taxes required to be paid by the Lessor in respect of the receipt thereof under the laws of any Federal, state or local government or taxing authority of the United States of America or under the laws of any taxing authority or governmental subdivision of a foreign country, shall, in the reasonable opinion of the Lessor, cause the Lessor's net return under this Lease (computed on the basis of the same assumptions used in originally evaluating this transaction) to be increased by the portion of such net return lost by the Lessor that would have been available to the Lessor if it had been entitled to utilization of all or such portion of the ADR Deduction the Interest Deduction and the Investment Tax Credit (as such deductions are defined in § 17 hereof) which was lost, not claimed, not available for claim or disallowed or recaptured in respect of a Unit as a direct or indirect result of the breach of one or more of the representations, warranties and covenants made by the Lessee in § 17 hereof or any other provision

of this Lease, the inaccuracy of any statement in any letter or document furnished to the Lessor by the Lessee, the termination of this Lease, the Lessee's loss of the right to use such Unit, any action or inaction by the Lessee or the sale or other disposition of the Lessor's interest in such Unit after the occurrence of an Event of Default plus such sum as will pay or reimburse the Lessor for any interest, penalties or additions to tax incurred in connection with such loss, failure to claim, inability to claim, disallowance or recapture; or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (B) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in ques-

tion, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

§ 10. Return of Units Upon Default. If this Lease shall terminate pursuant to § 9 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not limited to, in the event the Units have been interchanged, the giving of prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been so interchanged) and at the usual speed, place such Units upon such storage tracks as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) transport the same to any reasonable place on the tracks of the Lessee or any of its affiliates, or at the Lessee's request, such other tracks as the Lessor may reasonably determine, or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity

having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Equipment in good order and repair, ordinary wear and tear excepted, and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same at any reasonable time. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which .02726% of the Purchase Price of such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 10, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Unit. In connection therewith the Lessee will supply the Lessor with such documents as the Lessor may reasonably request.

§ 11. Assignment; Possession and Use. This Lease and the rentals and other sums due hereunder shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder shall inure to the benefit of the Lessor's assigns (and to any corporation, trust [including any beneficiary or trustee thereof] or other person for which the Lessor is acting as nominee).

So long as the Lessee shall not be in default under this Lease and no Event of Default shall exist under the Equipment Trust Agreement, the Lessee shall be entitled

to the possession and use of the Units as components of unit trains moving on lines of railroads operating in the United States between various coal mines and the Lessee's plants in the Cleveland, Ohio area. While it is understood that the Units are intended to be used exclusively in such unit train service, the Lessor and Lessee agree that if for any reason any Units are not needed in that service, the Lessee may sublease or otherwise utilize such Units for other service, hauling coal or similar commodities, in which event the Lessee shall give written notice to the Lessor and the Lessee. The Lessee shall not assign its interest in this Lease without the prior written consent of the Trustee and the Lessor, except that the Lessee may without the consent of the Trustee and the Lessor, assign all of its interest in this Lease to a subsidiary or affiliated corporation or a corporation which results from a merger or consolidation of the Lessee and which assumes all of the liabilities of the Lessee under this Lease, provided that no such assignment shall relieve the Lessee of liability hereunder.

The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance prior to or pari passu with the security interest of the Trustee or the title of the Lessor (other than an encumbrance resulting from claims against the Lessor or the Trustee not related to the ownership or leasing of, or the security interest of the Trustee in, the Units) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interest of the Lessor, the Trustee or the Lessee therein. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of this § 11.

Nothing in this § 11 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation (which shall have duly assumed the obligations hereunder of the Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety.

§ 12. Renewal Options. Provided that this Lease has not earlier been terminated and the Lessee is not in default hereunder, the Lessee may, by written notice delivered to the Lessor not less than 60 days prior to the end of the original term of this Lease or any extended term thereof, as the case may be, elect to extend the term of this Lease or any extended term thereof in respect of all but not less than all of the then existing Units then covered by this Lease for a period of one year except such Units which the Lessee shall determine to have become economically obsolete or surplus in the Lessee's business, the first such period to commence on the scheduled expiration of the original term of this Lease and any successive one-year period commencing on the scheduled expiration of any such extended term, provided that no such extended term shall extend beyond January 15, 2011, at semiannual rentals each in an amount equal to the Fair Rental Value of each Unit, such semiannual payments to be made on January 15 and July 15 in each year of the extended term.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental. If, after 60 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units in respect of which the term of this Lease shall be extended, such rental shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 business days after such notice is given, each party shall appoint an independent appraiser within 25 business days after such notice is given, 35 business days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed

pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units subject to the proposed extended term within 90 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Rental of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Fair Market Rental. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne equally by the Lessee and the Lessor.

§ 13. Return of Units Upon Expiration of Term.

The Lessor intends to retain the Units for re-lease at the expiration of the term of this Lease. As soon as practicable on or after the expiration of the original or extended term of this Lease, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks as the Lessor may designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to any reasonable place on the tracks of the Lessee, or, at the request of the Lessee, any tracks reasonably determined by the Lessor, or to any connecting carrier for shipment, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or

of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, lessee or user, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this § 13 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, and (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable, and/or the applicable rules of any governmental agency or other organization with jurisdiction. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which .02726% of the Purchase Price of such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

§ 14. Representations and Warranties; Opinion of Counsel. The Lessee represents and warrants to the Lessor, the Trustee and the Purchasers (as defined in the Equipment Trust Agreement) that:

A. the Lessee is a corporation legally incorporated and validly existing, in good standing, under the laws of the State of Ohio, with full corporate power to enter into this Lease;

B. this Lease has been duly authorized, executed and delivered by the Lessee and constitutes a valid, legal and binding agreement, enforceable in accordance with its terms;

C. this Lease has been duly filed and recorded as specified in § 15 hereof, and, together with the Equipment Trust Agreement, will protect the Lessor's

title and interest in and to the Units and the Trustee's security interest in the Units, and no filing, recording or deposit (or giving of notice) with any other Federal, state or local government or agency or instrumentality thereof is necessary to protect the title and interest of the Lessor or the security interest of the Trustee in the Units in the United States of America;

D. no authorization or approval from any governmental or public body or authority of the United States of America or any of the States thereof is necessary for the execution, delivery and/or performance by the Lessee of this Lease except for the approval of The Public Utilities Commission of Ohio which has been obtained;

E. the Lessee is not a "holding company" within the meaning of, or a subsidiary of a "holding company" registered under, the Public Utility Holding Company Act of 1935;

F. neither the execution and delivery of this Lease nor the consummation of the transactions herein contemplated or the fulfillment of, or compliance with, the terms and provisions hereof will conflict with, or result in a breach of, any of the terms, conditions or provisions of the Amended Articles of Incorporation or the Code of Regulations of the Lessee or of any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Lessee is now a party or by which it or its property may be bound, or constitute (with the giving of notice or the passage of time or both) a default thereunder;

G. neither the execution and delivery by the Lessee of this Lease nor the consummation of the transactions herein contemplated nor the fulfillment of, or compliance with, the terms and provisions hereof will conflict with, or result in a breach of, any of the terms, conditions or provisions of any law, or any regulation, order, injunction or decree of any court or governmental instrumentality; and

H. no mortgage, deed of trust or other lien of any nature whatsoever which now covers or affects any property or interest therein of the Lessee, now attaches or hereafter will attach to the Units or in any manner affects or will affect adversely the right, title and

interest of the Lessor or the Trustee therein; provided, however, that such liens may attach to the rights of the Lessee under the Lease in and to the Units.

The Lessee also agrees to furnish to the Lessor, Trustee and the Purchasers such evidence of corporate authorizations as may reasonably be requested by the Lessor or the Trustee.

On the date on which Trust Certificates are issued to the Purchasers pursuant to Section 2.01 of the Equipment Trust Agreement, the Lessee will deliver to the Lessor, the Trustee and the Purchasers (i) the written opinion of counsel for the Lessee, in such number of counterparts as may be reasonably requested, and addressed to the Lessor, the Trustee and the Purchasers, in scope and substance satisfactory to them and their special counsel to the effect set forth in clauses A through H above as provided in Paragraph 6(c) of the Purchase Agreement and (ii) the Lessee's Certificate required by Paragraph 6(f) of the Purchase Agreement. On each settlement date for the Units under the Equipment Trust Agreement, the Lessee shall also furnish the certificates and opinions of counsel required of the Lessee pursuant to Section 3.04 thereof. In giving the opinions required hereunder counsel may qualify its opinion to the effect that any agreement is a legal, valid and binding instrument enforceable in accordance with its terms by a general reference to limitations as to usual equity principles relating to specific performance and, as to the enforcement of remedies, to any bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally from time to time in effect.

§ 15. Recording. Prior to the delivery and acceptance of any Unit, the Lessor will, at its own expense, cause the Equipment Trust Agreement, this Lease and any assignments hereof to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and all necessary filings and recordings to be made within the State of Ohio and the Commonwealth of Pennsylvania to perfect the interests of the Trustee thereunder. The Lessor will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Trustee, for the purpose of proper protection, to the satisfaction of the Trustee, of the Lessor's and the Trustee's respective interests in the Units, or for the purpose of

carrying out the intention of this Lease and any assignments thereof and the Equipment Trust Agreement. The Lessor will promptly furnish to the Trustee evidence of all such filing, registering, recording, depositing, refiling, reregistering, rerecording and/or redepositing and an opinion or opinions of counsel for the Lessor with respect thereto satisfactory to the Trustee regarding any such actions taken in accordance with Section 20c of the Interstate Commerce Act and under the laws of the Commonwealth of Pennsylvania and an opinion or opinions of counsel for the Lessee, which the Lessee agrees to furnish, with respect thereto satisfactory to the Lessor and the Trustee regarding any such actions taken under the laws of the State of Ohio.

§ 16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay also an amount equal to 10-1/2% per annum of the overdue rentals for the period of time during which they are overdue.

§ 17. Federal Income Tax. (A) Greenville Steel Car Company, a Pennsylvania corporation (hereinafter called the Beneficiary), and the Lessor have entered into a Nominee Agreement dated as of the date hereof (hereinafter called the Nominee Agreement), which provides that the Lessor, in taking title to the Units, in leasing the Units pursuant to this Lease, and in executing this Lease, the Equipment Trust Agreement and certain other documents, will act solely as nominee for the Beneficiary, and that all the right, title and interest of the Lessor in and to this Lease, the Equipment Trust Agreement and certain other documents, and in and to the Units, will be held by the Lessor as nominee for the Beneficiary. The Lessor and the Beneficiary have also entered into an Assignment and Agreement dated as of the date hereof (hereinafter called the Beneficiary's Agreement), pursuant to which the Lessor has assigned to the Beneficiary all right, title and interest of the Lessor in and to the Units and in and to the Equipment Trust Agreement and certain other documents, and all the rights, powers, privileges and remedies of the Lessor.

(B) This Lease and the Equipment Trust Agreement have been entered into on the assumption that the Beneficiary, as the beneficial owner of the Units, will be entitled to such deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended to the date hereof (hereinafter called the Code), to an owner of property, including, without limitation,

(i) the maximum depreciation deduction with respect to the units authorized under section 167 of the Code (hereinafter called the ADR Deduction) (a) utilizing a 12-year depreciable life, which is the lower limit listed in Revenue Procedure 72-10, 1972-1 C.B. 721, for property in Asset Guideline Class No. 00.25, in accordance with the Class Life Asset Depreciation Range System described in section 167(m) of the Code and § 1.167-11(a) of the Income Tax Regulations promulgated thereunder as in effect on the date hereof, (b) employing initially the 200% declining-balance method of depreciation with a change, not requiring the consent of the Commissioner of Internal Revenue, to the sum of the years-digits method of depreciation when most beneficial to the Lessor, (c) including in the basis of the Units the entire Cost thereof (as such term is defined in the Equipment Trust Agreement) and all other items properly includible under section 1012 of the Code (hereinafter called the Basis), and (d) taking into account a salvage value, after the reduction allowed by section 167(f) of the Code, of zero;

(ii) deductions with respect to interest payable under the Equipment Trust Agreement pursuant to section 163 of the Code (hereinafter called the Interest Deduction); and

(iii) the 10% investment credit with respect to 100% of the Basis of the Units (hereinafter called the Investment Credit) pursuant to section 38 and related sections of the Code.

(C) The Lessee agrees that neither it nor any corporation controlled by it, in control of it or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the statements, representations and agreements in this § 17, or (unless required by law) which would increase the amount of rentals required to be taken into income by the Lessor or the Beneficiary over the amounts set forth per Unit in § 2 hereof, and that it and each of such corporations will file such returns, take such action and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent of this § 17. The Lessee agrees to keep and make available for inspection and copying by the Lessor such records as will enable the Beneficiary to determine whether it is (i) entitled to the full benefit of the ADR Deduction, the Interest Deduction and the Investment Credit with respect to the Units, (ii) entitled to treat amounts includible in gross income with respect to this Lease as

or lease (including, for the purpose of this clause, contracts for the use thereof) of any of the Trust Equipment, or, except as herein authorized or contemplated, shall part with the possession of any of the Trust Equipment, and shall fail or refuse either to cause such assignment or transfer or lease to be canceled by agreement of all parties having any interest therein and recover possession of such Trust Equipment within 30 days after the Trustee shall have demanded in writing such cancelation and recovery of possession, or within said 30 days to deposit with the Trustee a sum in cash equal to the value, as of the date of such unauthorized action (determined in the manner provided in Section 4.07), of such Trust Equipment (any sum so deposited to be returned to the Company upon the cancelation of such assignment, transfer or lease and the recovery of possession by the Company of such Trust Equipment), or

(c) the Company or Greenville, as the case may be, shall, for more than 30 days after the Trustee shall have demanded in writing performance thereof, fail or refuse to comply with any other of the terms and covenants hereof or in the Purchase Agreement on its part to be kept and performed, or to make provision satisfactory to the Trustee for such compliance, or

(d) a decree or order shall have been entered by a court of competent jurisdiction adjudging the Company bankrupt or insolvent or approving as properly filed a petition seeking reorganization or arrangement of the Company under the Bankruptcy Act, or any other federal or state law relating to bankruptcy or insolvency, or appointing a receiver for the Trust Equipment or decreeing or ordering the winding up or liquidation of the affairs of the Company, and any such decree or order shall remain in force undischarged and unstayed for a period of 60 days, or

(e) the Company shall institute proceedings to be adjudicated bankrupt or insolvent or shall consent to the institution of bankruptcy or insolvency proceedings against it or shall file a petition or answer or consent seeking reorganization or relief under the Bankruptcy Act or any other federal or state law relating to bankruptcy or insolvency or shall consent to the filing of any such petition or shall consent to the appointment

Credit with respect to such Unit is unavailable as a direct result of the occurrence of any of the following events:

(i) a Casualty Occurrence with respect to such Unit if the Lessee shall have paid to the Lessor the Casualty Value for each such Unit set forth in § 6 hereof;

(ii) any voluntary act or failure to act of the Lessor, including without limitation, a voluntary transfer by the Lessor of legal title to such Unit, a voluntary disposition by the Lessor of any interest in such Unit or a voluntary reduction by the Lessor of its interest in the rentals from such Unit under this Lease (except pursuant to an assignment of this Lease to the Trustee), unless, in each case, an Event of Default shall have occurred and be continuing;

(iii) the failure of the Beneficiary to claim the ADR Deduction, the Interest Deduction or the Investment Credit on its income tax return for the appropriate year in a proper and timely manner, unless such Beneficiary shall have received an opinion of independent tax counsel to the effect that the Beneficiary is not entitled to claim the ADR Deduction, the Interest Deduction or the Investment Credit;

(iv) the failure of the Beneficiary to have sufficient liability for federal income tax against which to credit the Investment Credit or sufficient income to benefit from the ADR Deduction or the Interest Deduction; or

(v) any change, which becomes effective on or after January 1, 1977, in the Code or the Regulations promulgated thereunder.

The recomputation of the rental payable by the Lessee pursuant to this Subsection (E) will be based on the same assumptions used by the Beneficiary in originally evaluating this transaction, including the assumption that any taxable income generated by this transaction is subject to tax at an effective rate of 52.94% and that any net loss generated by this transaction is a tax benefit against taxes imposed at an effective rate of 48%.

(F) In the event and to the extent that the cost

of any improvement and/or addition to a Unit or any expenditure by the Lessee in respect of any Unit or this Lease (hereinafter called Additional Expenditures) made by the Lessee, under and pursuant to the terms of this Lease or otherwise, is required to be included in the gross income of the Beneficiary for federal income tax purposes at any time prior to the time such Unit is disposed of in a taxable transaction, then the rentals for the Units set forth in § 2 hereof shall, on the next succeeding rental payment date after the date on which the Lessee is required to furnish written notice to the Lessor pursuant to the last paragraph of this Subsection (F) that such inclusion in the Beneficiary's gross income is required, be increased to such amount or amounts as shall, in the reasonable opinion of the Beneficiary (after taking into account any present or future tax benefits that the Beneficiary reasonably anticipates it will derive from its additional investment in the Units by reason of such inclusion, including, without limitation, any current deductions, future depreciation deductions and investment tax credit), cause the Beneficiary's net after-tax annual cash flow and net after-tax rate of return (calculated on the same basis as used by the Beneficiary in originally evaluating this transaction) to equal the net after-tax cash flow and net after-tax rate of return that would have been realized by the Beneficiary if the cost of such Additional Expenditures had not been includible in the Beneficiary's gross income.

In determining the present or future tax benefits to be taken into account by the Beneficiary in establishing the rental increase required by this Subsection (F), the Beneficiary shall attempt to maximize such benefits and hence minimize the increase in rentals by making such elections (including, where advantageous, the applicable asset guide line repair allowance and accelerated depreciation if then permitted) and utilizing such conventions and accounting methods as will further such objectives; provided, however, that the Beneficiary shall not be required to make any election or utilize a particular convention or accounting method if the Beneficiary determines, in its sole discretion but in good faith, that in so doing it will adversely affect its federal income tax liability determined without regard to the adjustments contemplated by this Subsection (F).

The Lessee agrees that, within 30 days after the close of any calendar year (or in the event the lessor gives the Lessee written notice that the Lessor's taxable year closes on a date specified therein other than December 31,

within 30 days after said date) in which the Lessee has made Additional Expenditures which are required to be included in the gross income of the Lessor for federal income tax purposes prior to the time such Unit is disposed of in a taxable transaction, the Lessee will give written notice thereof to the Lessor and the Beneficiary describing such Additional Expenditures in reasonable detail and specifying the cost thereof with respect to each Unit.

(G) In the event a claim shall be made against the Lessor or the Beneficiary which, if successful, would result in payment by the Lessee of increased rental pursuant to Subsections (E) or (F) above, and if, in the opinion of independent tax counsel (hereinafter called Counsel) selected by the Beneficiary and acceptable to the Lessee, a bona fide defense to all or a part of such claim exists, the Lessor and the Beneficiary shall, upon request and at the expense of the Lessee, take all such legal or other appropriate action deemed reasonable by Counsel in order to sustain such defense; provided, however, that the Lessor or the Beneficiary shall not be obligated to take any such legal or other appropriate action unless the Lessee shall first have indemnified the Lessor and the Beneficiary for all liabilities and expenses that may be entailed therein and shall have furnished the Lessor and the Beneficiary such reasonable assurance therefor as may be requested. The Lessor and the Beneficiary may, at the option of the Beneficiary but after consultation with the Lessee, take such action prior to making payment of any tax, interest or penalty with respect to such claim (hereinafter called a Tax Payment) or may make such Tax Payment and then sue for a refund.

(i) If the Lessor and the Beneficiary take such action prior to making such Tax Payment, such increased rental need not be paid by the Lessee while such action is pending. In such case, if the final determination shall be adverse to the Beneficiary, the increased rental shall be computed by the Beneficiary as of the date of such final determination and the Lessee shall commence payment thereof on the rental payment date next succeeding such final determination and, on or before such rental payment date, the Lessee shall pay to the Lessor as additional rental an amount which, when reduced by any increase in the Lessor's or the Beneficiary's income tax liability or liabilities resulting from the Lessor's receipt of such additional rental, will equal the amount

Lessee shall pay to the Lessor an amount which, after deduction of all taxes and other charges in respect of the receipt of such amount under the laws of any federal, state or local governmental or taxing authority in the United States or under the laws of any foreign country or subdivision of any taxing authority thereof, shall be equal to the excess of (i) the taxes and other charges payable by the Lessor and the Beneficiary as a result of the receipt of such instalment of rental over (ii) the taxes and other charges that would have been payable by the Lessor and the Beneficiary had such instalment of rent been paid by the Lessee on the date upon which such payment is herein required to be made.

(I) In the event the rental rates shall be adjusted as hereinbefore provided, the Casualty Values provided for in § 6 hereof shall be adjusted accordingly.

(J) The Lessee's and the Lessor's agreements to pay any sums which may become payable pursuant to this § 17 shall survive the expiration or other termination of this Lease.

(K) The Lessor and the Beneficiary shall request rulings from the Internal Revenue Service (hereinafter called the Rulings) to the effect, among other things, that this Lease is a true lease, that the Lessor is the owner of the Units and that the Beneficiary has the right to claim the ADR Deduction, the Interest Deduction and the Investment Credit. The Lessee will join in the request for the Rulings and will furnish such documents, records and representations to support the matters claimed in such request as shall be deemed necessary and appropriate by the Lessor. While the Request is pending, neither the Lessor nor the Beneficiary shall take any action with respect to the Request without the prior approval of the Lessee. If Rulings satisfactory to the Lessor and the Beneficiary are obtained, then all the provisions of Subsection (E) above shall be and become null and void and of no further force or effect, except to the extent the Lessee takes any action inconsistent with the Rulings.

§ 18. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States registered mails, first-class postage prepaid, addressed as follows:

if to the Lessor, c/o Mellon Bank, N.A., Mellon

of all interest and penalty paid by the Lessor or the Beneficiary in respect of such final determination, together with interest thereon from the date such payment is made by the Lessor or the Beneficiary to the date the Lessee reimburses the Lessor therefor at the prime rate of interest at Mellon Bank, N .A., Pittsburgh, Pennsylvania, as in effect on the date of such final determination.

(ii) If the Lessor or the Beneficiary makes such Tax Payment and then sues for a refund, such increased rental shall commence to be payable by the Lessee on the first rental payment date after such Tax Payment is made and, on or before such rental payment date, the Lessee shall pay to the Lessor as additional rental an amount which, when reduced by the increase in the Lessor's or the Beneficiary's income tax liability or liabilities resulting from the Lessor's receipt of such additional rental, will equal the amount of all interest and penalty included in such Tax Payment. In such case, if the final determination shall be in favor of the Lessor, (a) the rental payable by the Lessee to the Lessor shall be adjusted by such amount as shall be required, in the reasonable opinion of the Beneficiary, and pursuant to the assumptions set forth in the last sentence of Subsection (E), to cause the Beneficiary's net after-tax total cash flow and net after-tax rate of return to be at least the same as such net after-tax total cash flow and net after-tax rate of return would have been if such Tax Payment had not been made (or such adjustment shall be made proportionately if the final determination is partly in favor of and partly adverse to the Lessor) and such adjusted rental shall be payable by the Lessee on the rental payment date next succeeding such final determination and thereafter, and (b) the Lessor shall pay, as a refund of rental payments, to the Lessee an amount which, when reduced by the tax benefit to the Lessor or the Beneficiary resulting from the payment of such amount, will equal the amount of any penalty or interest refunded to the Lessor or to the Beneficiary as a result of such final determination and any interest on such refunded penalty and interest paid to the Lessor or the Beneficiary by the government, promptly upon receipt thereof.

(H) In the event that the Lessee shall pay all or any portion of any instalment of rental prior to the date upon which such payment is herein required to be made, the

Square, Pittsburgh, Pennsylvania 15230, Attention of Corporate Trust Department (with a copy to Greenville Steel Car Company, Greenville, Pennsylvania, Attention of Treasurer);

if to the Lessee, The Cleveland Electric Illuminating Company, P. O. Box 5000, Cleveland, Ohio 44101, Attention of Treasurer's office;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

§ 19. Definitions. If this Lease is assigned to the Trustee (or any successor thereto) for collateral purposes, wherever the term "Lessor" is used in this Lease it shall apply and refer to the Trustee (and any successors thereto) unless the context shall otherwise require; and the fact that the Trustee is specifically named in certain provisions shall not be construed as to mean that the Trustee (and any successors thereto) is not entitled to the benefits of other provisions where only the Lessor is named or where only the Trustee, as the case may be, is named.

§ 20. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the Units and supersedes all other agreements, oral or written, with respect to the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

§ 21. Execution. Although this Lease is dated as of November 1, 1975, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 22. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed

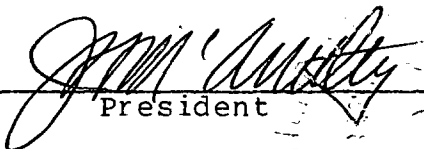
by the laws of the State of Ohio; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act, such additional rights arising out of the filing, recording or depositing hereof and of any assignment hereof or out of the marking on the Units as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited or in which any Unit may be located.

§ 23. No Recourse. No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, past, present or future, of the Lessor or the Lessee, or against any principal or principals (disclosed or undisclosed) of the Lessor or assignee or assignees or transferee or transferees of the Lessor if the Lessor is acting in an agency or nominee capacity, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, directors, officers, assignees, transferees or principals being forever released as a condition of and as consideration for the execution of this Lease.

IN WITNESS WHEREOF, the Lessor and the Lessee, each pursuant to due corporate authority, have caused this instrument to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

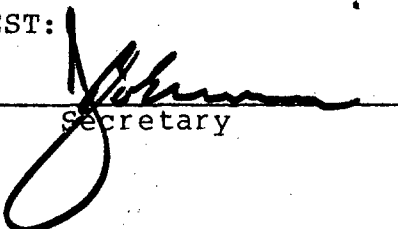
GSCX SECOND EQUIPMENT CORPORATION,

by


President


[Corporate Seal]

ATTEST:


Secretary

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY,

by


Vice President - Finance
and General Counsel

[Corporate Seal]

ATTEST:


Secretary

COMMONWEALTH OF PENNSYLVANIA,)
) SS.:
COUNTY OF ALLEGHENY,)

On this *13th* day of *November* 1975, before personally appeared *J. H. McNulty*, to me personally known, who, being by me duly sworn, says that he is the President of GSCX SECOND EQUIPMENT CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Mary T. Weinheimer
Notary Public

[Notarial Seal]

Mary T. Weinheimer, Notary Public
Pittsburgh, Allegheny County, Pennsylvania
My Commission Expires January 24, 1978

STATE OF OHIO,)
) SS.:
COUNTY OF CUYAHOGA,)

On this *13* day of *November* 1975, before personally appeared *RICHARD A MILLER*, to me personally known, who, being by me duly sworn, says that he is a Vice President of THE CLEVELAND ELECTRIC ILLUMINATING COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Craig I. Smith
Notary Public

[Notarial Seal]

CRAIG I. SMITH, Attorney
NOTARY PUBLIC - STATE OF OHIO
My commission has no expiration date.
Section 147.03 R.C.

ANNEX A TO LEASE

<u>Quantity</u>	<u>Type and Specifications</u>	<u>Cost</u>	<u>Identifying Numbers (both inclusive)</u>
100	100-ton triple hopper cars, Specification No. H-3051; AAR Mechanical Designation HT	\$2,727,214	GSCX 12000 to 12099

ANNEX B TO LEASE

<u>Rental Payment Date*</u>	<u>Percentage of Cost**</u>
January 15, 1976	105.0042
July 15, 1976	105.0042
January 15, 1977	105.4241
July 15, 1977	105.6076
January 15, 1978	105.3388
July 15, 1978	104.7564
January 15, 1979	103.7609
July 15, 1979	95.4212
January 15, 1980	93.7974
July 15, 1980	92.1197
January 15, 1981	90.2470
July 15, 1981	81.2808
January 15, 1982	79.2019
July 15, 1982	77.1292
January 15, 1983	74.8572
July 15, 1983	65.5223
January 15, 1984	63.0575
July 15, 1984	60.6209
January 15, 1985	57.9567
July 15, 1985	55.3295
January 15, 1986	52.4590
July 15, 1986	49.6357
January 15, 1987	46.5520
July 15, 1987	43.5269

* As defined in § 2 of the Lease.

** As defined in the Equipment Trust Agreement.

ANNEX B TO LEASE

<u>Rental Payment Date*</u>	<u>Percentage of Cost**</u>
January 15, 1988	40.2231
July 15, 1988	37.0027
January 15, 1989	33.5313
July 15, 1989	30.1942
January 15, 1990	26.5863
July 15, 1990	23.1306
January 15, 1991 and thereafter	20.0000

* As defined in § 2 of the Lease.

** As defined in the Equipment Trust Agreement.